

MaineINTEREST

Notes From Maine State Treasurer

■ Dale McCormick

Spring 2002

The Downeaster is Exceeding Expectations

After many delays passenger rail service returned to Maine in December 2001. Two passenger trains now make four round trips daily between Portland and Boston. Two cars have been added to handle demand.

The new train station in Portland is the envy of other states for its cooperation with a bus company that heretofore has been viewed as a competitor. Concord Trailways enlarged its terminal at Thompson's Point just off Interstate 295 and

leases space to the train. A covered walkway leads to the platform 50 yards away. This summer a shuttle will travel between the train/bus station, another bus station, the Jetport and the waterfront making this a truly intermodal facility.

The train seems to be filling pent up demand, as there has been no decrease in the 250,000 Mainers who take the bus from Portland to Boston each year. What's next?

- A new rail stop in Old Orchard Beach, Maine will be added this summer making 4 stops in Maine, 3 in New Hampshire, and 2 in Massachusetts.
- Extending passenger rail service to Brunswick (with a stop in Freeport,

of course) where it can then branch to Auburn and Montreal or Rockland.

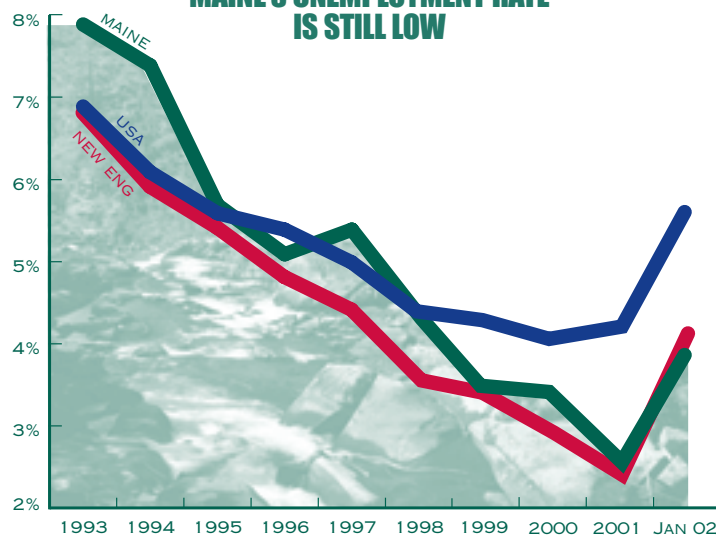
- High speed ferry service from Boston to Portland to Bar Harbor



Maine's Unemployment Rate Remains Lower than the U.S. Rate ▼

Maine's seasonally adjusted unemployment rate was 3.9% in January 2002, well below the national rate of 5.6%. Maine's unemployment figures have remained below the nation's since July of 1999. New England's unemployment rate in January was 4.1%. The economic slowdown has hit southern New England harder than Maine, Vermont, and New Hampshire, which all posted figures below 4%.

MAINE'S UNEMPLOYMENT RATE IS STILL LOW



SOURCE: FEDERAL RESERVE BANK OF BOSTON

INSIDE:
Snapshot
of Maine's
Economy

Personal
Income Growth
in the Top 10

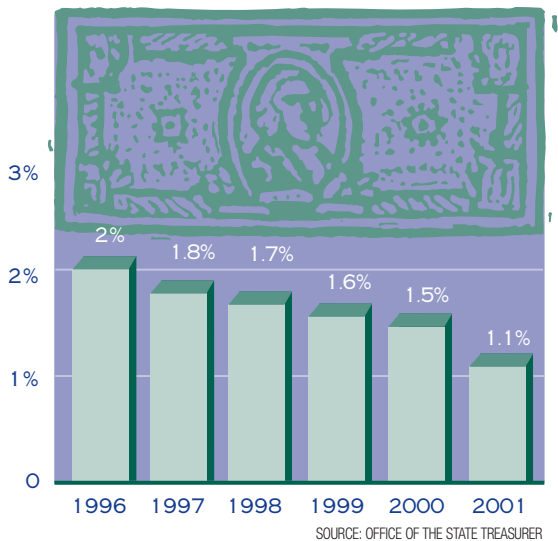
Business
Investments

Unclaimed
Property
Outreach
Program

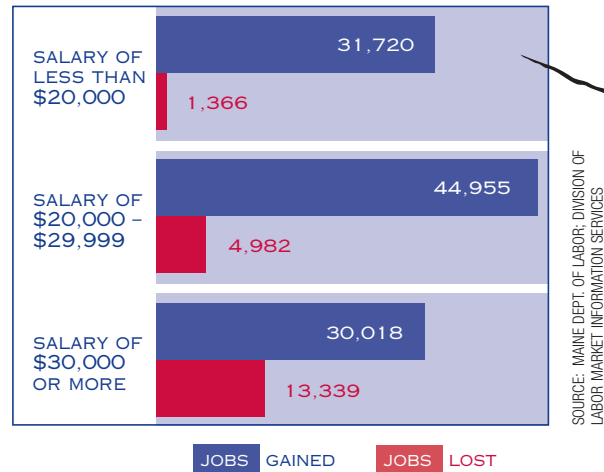
Maine's General Obligation Debt is 1.1% of Personal Income ▼

Maine's level of general obligation debt, which is the amount of debt that is guaranteed by the "full faith and credit" of the State, decreased yet again in 2001 to only 1.1% of the State's total personal income.

GENERAL OBLIGATION DEBT AS A PERCENTAGE OF PERSONAL INCOME



MANY MORE JOBS HAVE BEEN GAINED THAN LOST SINCE 1992



Maine is Gaining More – and Better-Paying – Payroll Jobs ▲

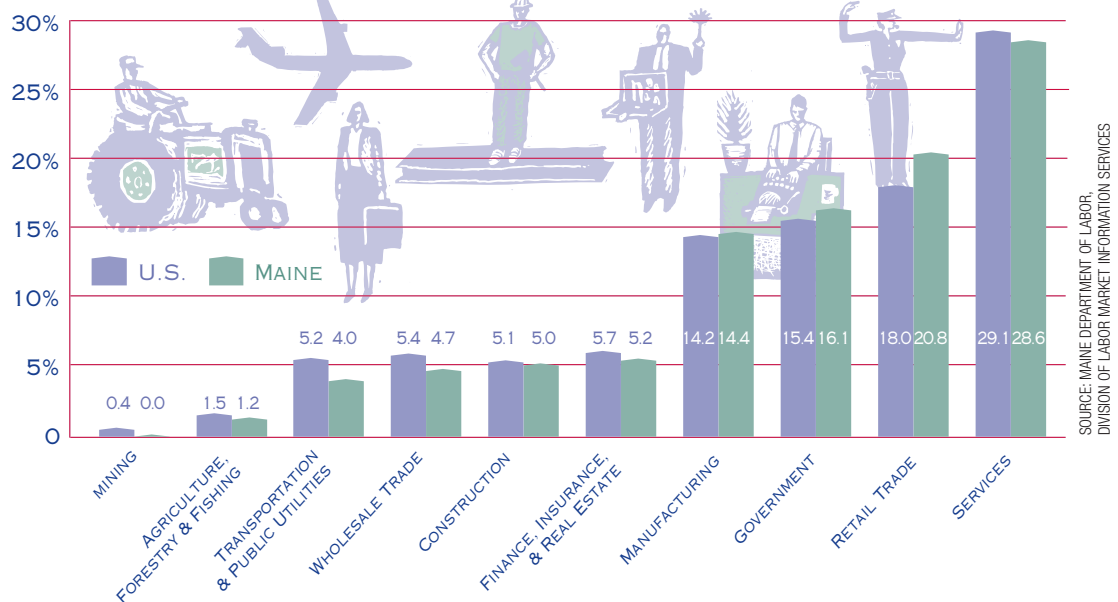
Between 1992 and 2000 Maine realized a net gain of 87,000 jobs. Gains outweighed losses across the earnings spectrum and the State saw increased job growth in the higher paying salary range. While there appear to be many jobs paying under \$20,000, that number is inflated due to many tourist-related jobs that are part-time, and therefore are in the

lower salary range. In the last year job gains were seen in finance, insurance, real estate, government, services, and retail trade. There were job losses recorded in manufacturing and small job losses recorded in communication, construction, transportation, public utilities, and wholesale trade.

Maine's Economy Remains as Diverse as the National Economy ►

Maine's economy is more diverse today than in the early 1990's when the last economic downturn hit. Maine companies have expanded into new markets that break the economic trend of boom and bust cycles. Maine's employment by industry division now much more closely resembles the nation's.


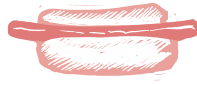


MAINE'S DIVERSE EMPLOYMENT CLOSELY RESEMBLES THE NATION'S

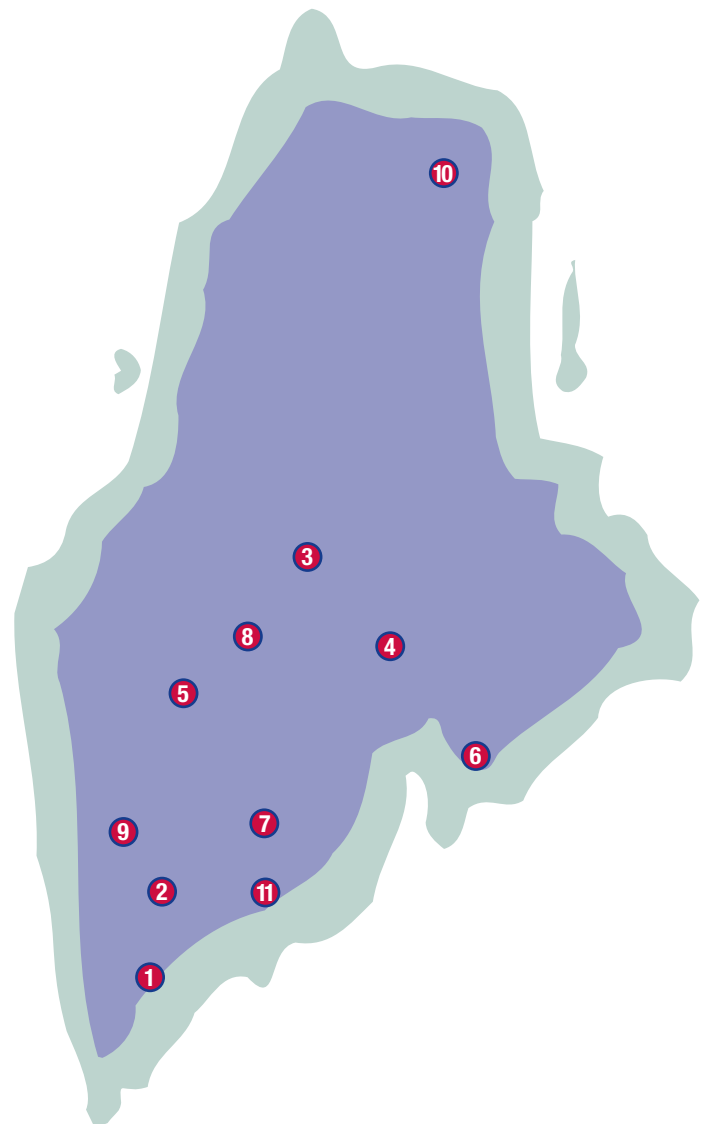


Businesses Invested \$298 Million in Maine in 2001

Company	Location	Products/Services	Employment	New Investment
BankNorth	Falmouth	Financial Services	100 new/460 retained	\$20,000,000
Brewer Automotive Components	Brewer	Automotive Components	23 new/15 retained	\$9,000,000
Embedtech	Raymond	Radio Frequency ID Tags	30 new	\$3,100,000
LaBree's Bakery	Old Town	Bakery	34 new	\$1,300,000
Moose Crossing Lumber, Inc.	Ashland	Lumber Mill	22 new	\$2,499,000
NorthCenter Food Center	Augusta	Wholesale Distributor	20 new	\$4,595,000
Tambrands	Auburn	Hygiene Products	100 new	\$1,000,000
UF Strainrite	Auburn	Environmental Products	87 retained	\$4,300,000

SOURCE: MAINE DEPT. OF ECONOMIC AND COMMUNITY DEVELOPMENT

- 1 Atlantic Precision Products of Sanford invested \$10,000,000 and retained 85 jobs in their high-tech metal parts plant.
- 2 BankNorth, a financial services company, created 100 new jobs and invested \$1,200,000 in their Lewiston facility.
- 3 Creative Apparel produces military outerwear in their Dover-Foxcroft facility. In 2001 they invested \$1,000,000 and created 50 new jobs.
- 4 General Electric invested \$78,000,000 and created 160 new jobs in their Bangor plant, which manufactures turbines and other power generation equipment.
- 5  ICT in Farmington is a call center that created 50 new jobs in 2001.
- 6 Jackson Labs created 200 new jobs in Bar Harbor at their genetic research laboratory.
- 7  Jordan's Meats of Augusta retained 400 jobs and invested \$5,000,000 in their meat packing facility.
- 8  Madison Paper Company invested \$20,600,000 and retained 300 jobs at their Madison paper products mill.
- 9  Midwest Price Company, LLC retained 17 jobs and created 38 new ones along with a \$15,000,000 investment at their West Paris chip mill.
- 10 Sitel, at the Loring Commerce Center, created 40 new jobs at their call center.
- 11 Wright-Pierce of Topsham and Portland created 10 new jobs and invested \$50,000 in their engineering offices.

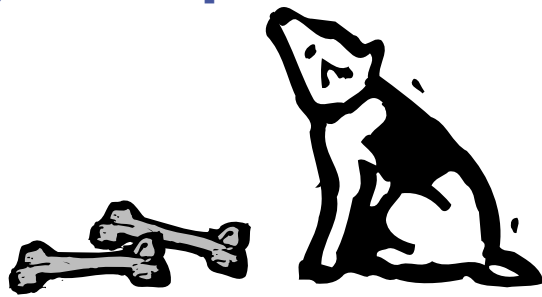


New Unclaimed Property Outreach Program To Help Maine Businesses with Compliance ▼

The Unclaimed Property Division of the State Treasurer's Office has recently undertaken outreach programs targeted to "holders" of unclaimed property. The State Treasurer is custodian for nearly \$65 million of cash and stock, remitted by holders, that was misplaced or forgotten by Maine citizens. It is the function of our outreach programs to inform holders of their responsibility to report and to help them remit the property they are holding for others to the State Treasurer. The State Treasurer, in turn, holds this property until the rightful owner, or heir, is found.

Our current outreach programs include mailings to large employers and financial services companies that are likely to have unclaimed property, but who have not yet reported unclaimed property to the State.

We work with Maine Revenue Service, sending informational messages to various business taxpayers, and present information at business briefing sessions. Accountants also play a vital role in educating their clients regarding unclaimed property compliance and assisting in compiling reports. We have conducted educational mailings to all Maine accounting firms and are working with the Maine Association of Accounting Professors to integrate unclaimed property accounting procedures in their classes. Treasury has a web site, and we continue to utilize it as an informational and educational resource as well as a vehicle for holders to report and



communicate with us. Our efforts this year have resulted in 115 new or lapsed filers.

The future success of our outreach programs is predicated on our ingenuity and the willingness of Maine businesses to voluntarily comply with the statute. If you have any questions or suggestions regarding outreach, e-mail don.dematteis@state.me.us.

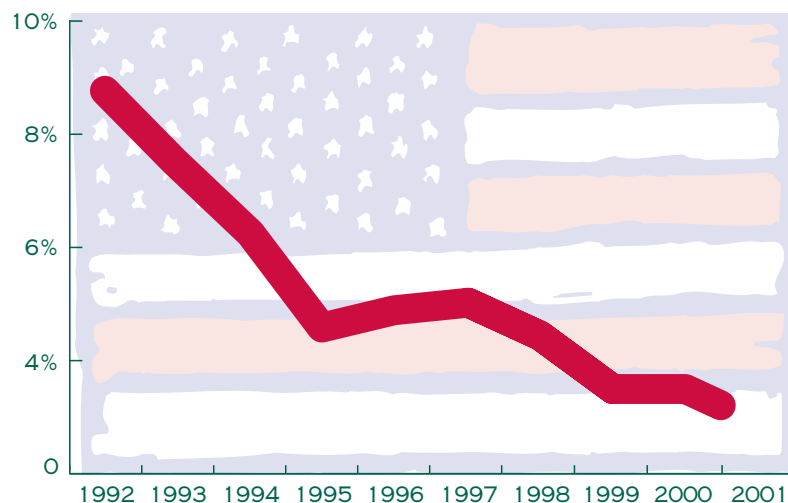
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Maine's Dependence on Defense Spending Has Dropped from 4th Highest in the Nation to 22nd ►

In 1992 almost 9% of Maine's personal income resulted from federal defense spending. That placed Maine as the fourth most dependent state in the nation. In 2001, only 3.4% of Maine's personal income was from federal defense spending, dropping us to 22nd. Such a large drop in such a short time was driven by the ability of Maine companies to diversify.

FEDERAL DEFENSE SPENDING AS A PERCENTAGE OF PERSONAL INCOME



SOURCE: MAINE STATE PLANNING OFFICE

From the Treasurer



TO THE CITIZENS OF MAINE

By now TAMI (Treasury Automated Management Information system) almost needs no introduction. You've all heard me talk about our new web based interactive database. Well, the development of TAMI took longer than anticipated—a year longer in fact. Some of the time was needed to write the code for revisions that Treasury deemed important to making TAMI easy to use. The lion's share of the overage was due to the underestimation of the complexity of the system and the fact that computer programmers need to understand or work closely with a subject matter expert in order to write the code that makes the software run.

Despite the delay no one involved in the TAMI project believes that we would have been better off purchasing an off the shelf system. In fact a state to our west purchased such a system a year ago, and it is yet to deliver what they need. So there seems to be delays in such projects no matter which way you go.

TAMI's implementation is now scheduled for this summer. TAMI will convert the State from a paper-based cash receipt system to electronic data management. In addition TAMI will:

- Promote electronic payments
- Save time and eliminate duplicate data entry
- Increase timely recognition by the state accounting system of revenue that has been received at the bank

TAMI is a secure web-based cash receipt management system that will provide state agencies with an electronic cashbook and enable the State Treasurer's Office staff to manage and process all the incoming state revenues. TAMI will assign a unique identifying number to each deposit and electronic payment allowing my office to reconcile deposit accounts at our primary bank instantaneously. Agencies with their own cash management software will be able to import cash receipts into TAMI, which also has a built-in data export feature that enables transferring data to a spreadsheet for further customization and analysis.

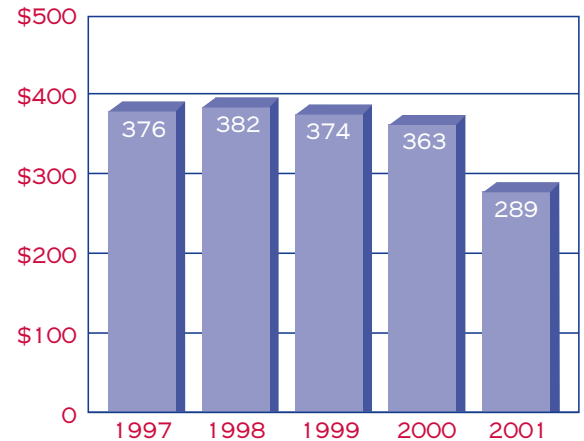
My office has been very grateful for the cooperation and understanding of state agencies (and other states that are interested in TAMI) over the past year. We are looking forward to working with everyone to implement TAMI over the next few months.

Thank you,

Dale
Dale

Maine's Debt Per Person is Still Declining ▼

GENERAL OBLIGATION DEBT PER CAPITA



SOURCE: OFFICE OF THE STATE TREASURER

Maine's per capita debt decreased to \$289 in 2001.

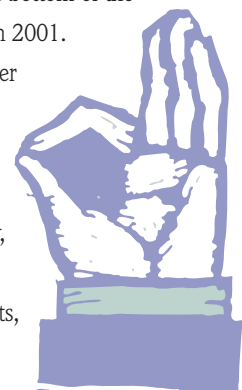
This measures the amount of outstanding debt per citizen. Outstanding debt is the amount of bonds that have been authorized by the voters and issued by the State Treasurer to pay for projects such as schools, roads, and bridges.

Maine's debt per capita is well below the national average.

Maine's Per Capita Personal Income Growth is in the Top 10 – Again ▼

Maine's per capita personal income growth was ninth highest in the U.S. in 2001 and grew the most of any New England State. This consistent growth since the early 1990's has moved Maine from the bottom of the state ranking to 35th in 2001.

Personal income and per capita personal income measure how well workers in the State are doing economically, while also taking into account dividends, rents, and transfer payments.



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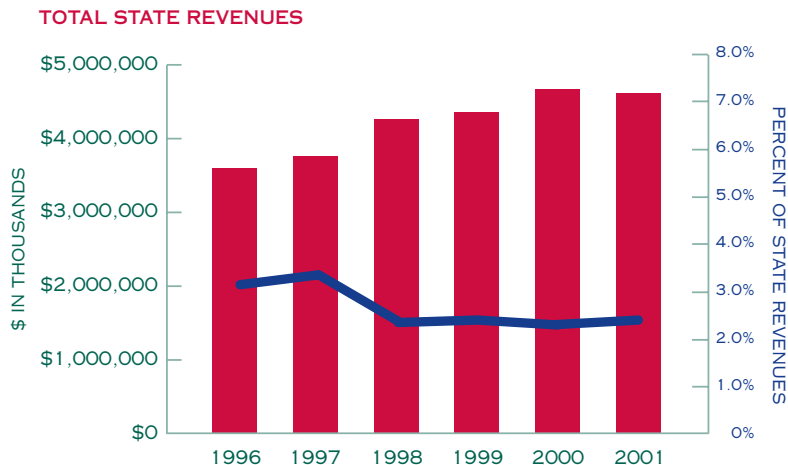
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Maine's 2001 Annual Debt Payment was 2.4% of Total State Revenues ▼

The State Treasurer makes payments on Maine's debt. These payments are called debt service. In 2001, debt service payments were only 2.4% of total state revenues. Maine is able to keep its debt ratios low, despite the aggressive schedule of paying off each bond issue a full 10 years earlier than any other New England state.

DEBT SERVICE AS A PERCENTAGE OF STATE REVENUES



SOURCE: OFFICE OF THE STATE TREASURER AND DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES, BUREAU OF THE BUDGET

THANK YOU



I would like to thank the following people for providing information and/or production help with this newsletter:

Janet Waldron, Commissioner of the Department of Administrative and Financial Services (DAFS) • Jack Nicholas, State Budget Officer, Bureau of the Budget (DAFS) • Adam Krea, Assistant Treasurer, Office of the State Treasurer • Bonnie Delano, Office of the State Treasurer • Glenn Mills, Labor Market Information Services (ME Dept. of Labor) • Joyce Benson, Maine State Planning Office • Jeanne St. Pierre, Dept. of Economic and Community Development • Bob Coven, Karen Bohovich, Alexander Shih, UBS PaineWebber • Lapchick Creative, Portland

